

STATE OF WASHINGTON

OFFICE OF
INSURANCE COMMISSIONER*In the Matter of*

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) No. G 2000 - 46

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**The Market Conduct Examination
of Fireman's Fund Insurance Company,**

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) FINDINGS, CONCLUSIONS, AND
) ORDER ADOPTING REPORT**Fireman's Fund Insurance Company of**

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Nebraska, Fireman's Fund Insurance

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Company of New Jersey, Fireman's Fund

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Insurance Company of Wisconsin,

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American Automobile Insurance Company,

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American Insurance Company, Associated

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Indemnity Company, National Surety

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Corporation, and Warner Insurance

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Company.

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BACKGROUND

An examination of the market conduct of Fireman's Fund Insurance Company and affiliates (the Company) for the period July 1, 1998, to June 30, 1999, was conducted by market conduct examiners of the Washington State Office of the Insurance Commissioner. The Company is an insurer authorized under RCW 48.05.030. This examination was conducted in compliance with the laws and regulations of the State of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the Office of the Insurance Commissioner. This examination was limited to Advertising, Agent Licensing, Complaints, Underwriting and Rating, Rate and Form Filings, Cancellation, Non-Renewal, and Decline to Write and Claims Settlement Practices.

The examination report with the findings and recommendations was transmitted to the

Company for their comments on June 21, 2000. Response to the draft report was received on August 10, 2000.

The Commissioner or a designee has considered the report, the relevant portions of the examiner workpapers, and the submission by the Company. The report was modified to reflect new information provided by the company in their response to the draft report.

Subject to the right of the Company to demand a hearing pursuant to chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

The Commissioner adopts as findings the findings of the examiners as contained in the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct of the Company.

ORDER

The examination report as filed, attached hereto and incorporated by reference, is hereby **ADOPTED** as the final examination report.

It is **ORDERED** that the Company comply with the Instructions in the Report as follows (the page and other references are to the report):

1. The companies are instructed to comply with RCW 48.30.050 and show the location of their home or principal office. (Page 7)
2. The companies are instructed to comply with RCW 48.05.190(1) and establish procedures that ensure policy documents and correspondence correctly identify the legal name of the insuring company. (Pages 9,10,12 & 14)
3. The companies are instructed to comply with RCW 48.19.040 (6) and always issue their policies in accordance with their filings. (Pages 10 & 12)
4. The companies are instructed to comply with all documentation requirements, apply their schedule rating plan only to eligible risks and not combine this plan with any other plan as to exceed the 25% cap as required in WAC 284-24-100(1)-(7). (Page 10)
5. The companies are instructed to comply with WAC 284-24-070 (1)-(5) and have the documented underwriting analysis of specific items as defined in the regulation. (Page 11)
6. The companies are instructed to comply with WAC 284-30-560 by ensuring all binders identify the correct insuring company name on the binder. (Page 12)
7. The companies are instructed to comply with RCW 48.22.085 (2) and obtain the PIP coverage rejection in writing when required. (Page 12)
8. The companies are instructed to comply with WAC 284-30-570 to ensure notices of non-renewal or cancellation sent to the insured are in clear simple language that requires no additional research for the insured to understand the action. (Page 13)
9. The companies are instructed to comply with RCW 48.18.292 (5) when canceling

- liability and or collision coverages. (Page 13)
10. The companies are instructed to comply with RCW 48.17.591 (2) (b) regarding non-renewals when they have terminated their contract with their agent. (Page 13)
 11. The companies are instructed to comply with WAC 284-30-330 (2), which requires insurers to acknowledge and act reasonably promptly upon notice of a loss. (Page)
 12. The companies are instructed to comply with WAC 284-30-330 (4) by conducting a reasonable investigation before refusing to pay a claim. (Page 14)
 13. The companies are instructed to comply with WAC 284-30-330 (5) by affirming or denying coverage of claims within a reasonable time. (Page 15)
 14. The companies are instructed to comply with WAC 284-30-330 (6) and pay claims promptly once proof of loss is received or liability has been accepted. (Page 15)
 15. The companies are instructed to comply with WAC 284-30-330(9) and identify the specific coverage under which claims payments are made to first party insureds or beneficiaries. (Page 15)
 16. The companies are instructed to comply with WAC 284-30-330 (11) and no longer delaying a claim by requiring the insured to submit a preliminary claim report and then requiring subsequent submissions which contain substantially the same thing. (Page 15)
 17. The companies are instructed to comply with WAC 284-30-340 to ensure claim files contain all required work papers and log notes. (Page 15)
 18. The companies are instructed to comply with WAC 284-30-350 (1) insurers and their agents must fully disclose to first party claimants all pertinent benefits of a policy under which a claim is presented. (Page 15)
 19. The companies are instructed to comply with WAC 284-30-360(1) and (3) to ensure timely responses to notice of claim and pertinent correspondence. (Page 14, 16)
 20. The companies are instructed to comply with WAC 284-30-360 (4) by promptly providing necessary claim forms, instructions and reasonable assistance so the first party claimants can comply with policy conditions and the insurers' reasonable requirements. (Page 16)
 21. The companies are instructed to comply with WAC 284-30-370 to investigate all claims within 30 days unless it cannot reasonably be completed within this timeframe. (Page 16)
 22. The companies are instructed to comply with WAC 284-30-380, which requires the companies, must accept or deny claims within 15 working days after receiving a proof of loss. (Page 16)
 23. The companies are instructed to comply with WAC 284-30-390(1)(a)(b)(i-ii) and (c) when establishing the market value of total loss vehicles, including payment of all applicable taxes and license fees. (Page 17)
 24. The companies are instructed to comply with WAC 284-30-395(1) by sending a written explanation of Personal Injury Protection coverage and limitations as required. (Page 17)
 25. The companies are instructed to comply with RCW 46.12.070 and WAC 308-58-020 (1) by notifying the Department of Licensing about total loss vehicles as required. (Page 18)

ENTERED at Lacey, Washington, this 21st day of August, 2000.

DEBORAH SENN

Insurance Commissioner

By:

WILLIAM E. FRANSEN

Deputy Commissioner